



# CITY LIGHT BENCHMARKING & EFFICIENCY STUDIES

Review Panel Presentation

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# OVERVIEW

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- Benchmarking studies
  - 3-4 per year
  - 24 since 2011
- Generation
  - Member of Electric Utility Cost Group (EUCG)
  - City Light in 1<sup>st</sup> quartile, 10 years
- Efficiencies/Cost Savings 2004-2011
  - \$53M/year
  - See 2013-2018 Strategic Plan, p. 11, e.g.,
    - Reduced customer connection time
    - Reduced streetlight repair cycle time
    - Revised rental property leases

# UMS STUDY- 2011

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- Generation

- Boundary, Gorge = low cost/high service (maintain)
- Diablo = low cost/avg service (invest, improve service)
- Ross = high cost/low service (process re-design)

- Transmission & Distribution

- Transmission: Focus on improving system performance
  - Reliability improvements (line maintenance & veg mgmt)
  - Asset management
- Distribution: Focus on reducing O&M costs
  - Work rules and overtime
  - Capital portfolio optimization - aging/deteriorating infrastructure



## TOOL ROOMS (CITY LIGHT & SPU) - 2014

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- Overview: Support for field crews, review of functional areas
- Findings
  - Procurement: generally good, follows City processes
  - Inventory mgmt.: gaps re tool IDs/location, automated systems inadequate and outdated
  - Tools on trucks: standard inventory list for some but not all
- Recommendations:
  - Procurement: establish standard tool lists
  - Inventory mgmt.: period physical inventories & spot audits
  - Tools on trucks: std inventory list, process for loans between crews

## FLEETS - 2015

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- Overview: 998 vehicles, \$130M value
- Findings
  - Already embraced “continuous improvement”
  - City Light’s fleets org “among the best we have reviewed”
- Recommendations:
  - Clarify roles, improve metrics
  - Establish incentives to maximize salvage value and warranty reimbursements
  - Review alternatives for maintenance

## FACILITIES - 2015

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- Overview: focused on South Service Center, NSC, and System Control Center (aging facilities)
- Findings
  - Already embraced “continuous improvement”
  - Already commissioned independent study of janitorial services to find further efficiencies
- Recommendations:
  - Management improvements: metrics, SLAs, standards
  - Optimize deployment of resources that provide service: in-house vs variable workforce (peak workload issue)
  - Improve scheduling and tracking of preventive and corrective work

# ENERGY CONSERVATION - 2015

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- Overview: Focus on effectiveness, City Light program since 1970s
- Findings: City Light...
  - Performs well re overall 1<sup>st</sup> year costs and % of savings
  - Invests more in energy efficiency than most peer utilities
- Recommendations:
  - Strategically select commercial/industrial projects for measurement and verification
  - Use custom engagement strategies (e.g., social media, email)
  - Develop a portfolio-level tracking tool

# FINANCIAL PLANNING & BUDGETING- 2016

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- Overview: Focus on performance
- Findings: City Light...
  - Finance function & performance: Operating cost low, DSC low-mid
  - Budget: Compares favorably re managing CIP & O&M spending
- Recommendations:
  - Develop prioritization approach and criteria
  - Team with Asset Management-more rigorous strategic planning
  - Implement routine post-program/project analysis

## EFFICIENCIES - INTERNAL AUDIT STUDIES

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- Metering and revenue assurance
- Wholesale energy risk mgmt compliance review
- Cash handling procedures
- Assistance to external auditors (cost reduction)
  - Inventory counts
  - Energy trading functions
  - IT functions

## MORE EFFICIENCIES

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- Accounting
  - Accounts Payable processes
  - Contracting metrics
  - Annual report
  - Transformers-economic order quantity
- Power Supply
  - Electronic document mgmt, staff reduction
  - Conservation reorg, staff reduction/redeployment

## INTO THE FUTURE

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- Continuing to look for new revenue & efficiencies
  - Corporate Performance (e.g., asset management)
  - Internal Audit (e.g., rate class assignments)
  - Finance (e.g., refinance higher cost bonds)
  - Power Management (e.g., Energy Imbalance Mkt)
  - Safety program: fewer injuries, vehicle accidents
- Capital Asset Review & Evaluation program
  - Engineering and Technology Innovation BU
  - Capital prioritization



# CITY LIGHT

## OUR VISION

To set the standard—to deliver the best customer service experience of any utility in the nation.

## OUR MISSION

Seattle City Light is dedicated to exceeding our customers' expectations in producing and delivering environmentally responsible, safe, low-cost and reliable power.

## OUR VALUES

Excellence, Accountability, Trust and Stewardship.

